



GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

FISCAL REVIEW COMMITTEE

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FEBRUARY 2010 STATE REVENUE COLLECTIONS

TENNESSEE GENERAL ASSEMBLY FISCAL REVIEW COMMITTEE STAFF

MARCH 09, 2010

The Fiscal Review Committee (FRC) staff has prepared the attached estimates of February revenue collections necessary to meet budgeted estimates for fiscal year 2009-10, which began July 1, 2009. Collections are recorded on an accrual basis with February as the seventh month for which collections are measured in FY09-10.

The estimates are a projection of collection patterns required for each tax, total revenue collections, and general fund collections to meet the amount required to fund the budget adopted by the General Assembly for FY09-10. Monthly estimates for the remainder of FY09-10 (February through July) were revised during February to reflect the budgeted estimate for FY09-10 as reflected in the Governor's Recommended Budget for FY10-11. Monthly estimates will be revised again as the budget is revised based upon recommendations of the State Funding Board in the spring of 2010.

For February 2010, total collections were \$638,945,000, an under-collection of \$52,270,000 relative to the original FRC budgeted estimate for the month; and an under-collection of \$38,041,200 relative to the revised FRC budgeted estimate for the month. Sales taxes were under-collected by \$42,763,000 relative to the original estimate; under-collected by \$25,968,000 relative to the revised estimate. Franchise and excise taxes were over-collected by \$1,308,000 relative to the original estimate; under-collected by \$3,185,000 relative to the revised estimate. All other taxes were

under-collected by \$10,815,000 relative to the original estimate; under-collected by \$8,888,200 relative to the revised estimate.

Relative to actual collections in February 2009, total collections decreased by 4.40 percent, compared to the original FRC budgeted estimate of a 3.42 percent increase; and compared to the revised FRC budgeted estimate of 1.29 percent increase. General fund collections decreased by 6.51 percent, compared to the original FRC budgeted estimate of a 3.24 percent increase; and compared to the revised FRC budgeted estimate of 0.36 percent increase.

Sales tax collections decreased by 6.67 percent, compared to the original FRC budgeted estimate of a 2.53 percent increase; and compared to the revised FRC budgeted estimate of a 1.08 percent decrease. Franchise and excise tax collections increased by 3.12 percent, compared to the original FRC budgeted estimate of a 0.79 percent decrease; and compared to the revised FRC budgeted estimate of a 12.66 percent increase. All other tax collections increased by 0.32 percent, compared to the original FRC budgeted estimate of a 6.69 percent increase; and compared to the revised FRC budgeted estimate of a 5.55 percent increase.

Year-to-date collections through the first seven months of FY09-10 were \$5,407,243,000. This represents a cumulative under-collection of \$160,067,000 relative to the original FRC budgeted estimates for the seven-month period; and a cumulative under-collection of \$145,838,200 relative to the revised FRC budgeted estimates for the seven-month period. Sales tax collections were \$3,575,725,000. This represents a cumulative under-collection of \$185,799,500 relative to the original FRC budgeted estimates; and a cumulative under-collection of \$169,004,500 relative to the revised FRC budgeted estimates. Franchise and excise tax collections were \$607,864,000. This represents a cumulative over-collection of \$53,924,900 relative to the original FRC budgeted estimates; and a cumulative over-collection of \$49,431,900 relative to the revised FRC budgeted estimates. All other taxes were \$1,223,456,000. This represents a cumulative under-collection of \$28,192,400 relative to the original FRC budgeted estimates; and a cumulative under-collection of \$26,265,600 relative to the revised FRC budgeted estimates.

Relative to actual collections for the first seven months of FY08-09, year-to-date collections for FY09-10 have decreased by 3.18 percent. Sales tax collections have decreased by 5.84 percent year-to-date. Franchise and excise tax collections have increased by 8.32 percent year-to-date. All other taxes have decreased by 0.21 percent year-to-date. The budget for FY09-10 adopted by the General Assembly assumed positive total revenue growth of 0.91 percent and negative general fund growth of 0.06 percent. The Governor's recommended budget for FY09-10 assumes negative total revenue growth of 0.68 percent and negative general fund growth of 1.88 percent.